

**WILSON ANNOUNCES NEW PROGRAM TO MAKE COLLEGE MORE AFFORDABLE□
NEW BENEFITS WILL MAKE FEDERAL STUDENT LOAN PAYMENTS MORE
MANAGEABLE TO REPAY**

WASHINGTON, DC – Starting today, July 1, new benefits will take effect that will make student loans more affordable and manageable to repay by allowing borrowers to cap their monthly loan payments at a reasonable percentage of their income. Certain eligible low- and moderate-income students taking out new federal student loans will also see lower interest rates and higher Pell Grant scholarships.

“This is great news for so many who face the overwhelming task of repaying college loans,” said Wilson. “Monthly payments that are too high can mean graduates may not be able to afford to pursue the careers they’ve trained for. That’s just not right. This new repayment program will help students pursue their dreams.”

The new benefits are taking effect as part of the College Cost Reduction and Access Act, which Rep. Wilson helped enact in 2007. The legislation invested \$20 billion in college aid for families, at no additional cost to taxpayers.

Beginning July 1, for the first time, borrowers will be able to participate in a new Income-Based Repayment program that caps their monthly loan payments at just 15 percent of their discretionary income (defined as 15 percent of what a borrower earns above 150 percent of the poverty level for their family size).

Any current or future borrower whose loan payments exceed 15 percent of their discretionary income will be eligible. After 25 years in the program, borrowers’ remaining loan balances, including interest, will be completely forgiven.

Other benefits that go into effect today include:

-Lower interest rates on need-based (subsidized) federal student loans. On July 1, interest rates on these loans will continue to drop, from 6 percent to 5.6 percent. This is the second of

four annual cuts in this interest rate; it will continue to drop until it reaches 3.4 percent in 2011. Nationwide, approximately 5.5 million students take out subsidized student loans each year.

-Higher Pell Grant scholarships for low- and moderate-income students. Due to funding boosts provided by both the College Cost Reduction and Access Act and the American Recovery and Reinvestment Act, the maximum Pell Grant scholarship for the 2009-2010 school year will be \$5,350 – more than \$600 above last year's award. Approximately 6 million students receive this scholarship each year.

In addition, Americans will continue to be able to enter into a new public service loan forgiveness created under the law. College graduates – or workers of any age – who enter public service professions will have their federal college loans completely forgiven after ten consecutive years of service and loan repayments. Eligible public servants include firefighters, public defenders and prosecutors, first responders, law enforcement officers, early childhood educators and men and women serving in the military, and more. This program can be used in conjunction with Income-Based Repayment.